

UNION SECRET SERVICE EXPENDITURE

Cape Argus May 26 METHODS OF ACCOUNTING UNDER REVIEW

SECRET payments made by the Government were discussed at a sitting of the Select Committee on Public Accounts. The committee suggests that South Africa should follow the British system of accounting for this "hush-hush" expenditure.

No receipts are given by the receivers of these grants but that the spending is proved by a certificate from the Minister in charge of the department concerned.

Dr. J. E. Holloway, Secretary for Finance, suggested to the committee that the British system of putting the payments under one miscellaneous Treasury Vote should be followed.

"Expenditure on secret service must be incurred by every Government," said Dr Holloway.

BRITISH EXPENDITURE

"The amount which they expend on that score in England is a very large one. I believe that during the financial year 1940-1941 it amounted to £1,500,000. Naturally that has a great deal to do with wartime activities. On the other hand,

the nature of the expenditure cannot expect a safeguard because the person receiving the information does

not want to give a receipt for the money, as everyone would then know that he is the informer. Then, again, it is a matter which we do not want to have running wild. There must be some control over the expenditure, and the question is just how to get that control."

He pointed out that secret service expenditure appeared on the estimates of several departments, including the Native Affairs Department. Centralisation was necessary.

Replying to questions from Mr. Eric Louw, M.P., Dr. Holloway said that the head of the British Treasury had told him that the only limitation imposed on Ministers in paying out secret money was that they were in honour bound not to spend it in increasing the salary of anyone in the service of the Government.

"For the rest," said Dr. Holloway, "they have to judge for themselves whether information is worth paying for or whether the amount they pay is sufficient."

Mr. Louw: In regard to what you have told us about the British Secret Service, am I correct in assuming that the expenditure is almost entirely incurred in connection with secret service in the real sense of the term, such as foreign espionage? Can you tell us whether a payment to an ordinary police informer in England is also included in the British Secret Service fund?

Dr. Holloway: I think so. According to the statement which they gave me it is a general fund which the Treasury accounts for.

Mr. Louw: You are, of course, aware of the extent to which the Secret Service fund has been used overseas. It has become one of the most pernicious features of the French political system?

Mr. Holloway: I am aware of that but I have no details.

Mr. H. P. Smit, the Auditor-General, said: It seems to me that if Parliament appropriates a certain amount for secret service expenditure it relies upon the integrity of the responsible Ministers to see that the money is properly expended. If Parliament cannot rely on the Ministers to administer the appropriation it should not vote the money in that form. If the money is expended it should be furnished with a certificate by the responsible Minister to the effect that the money has been properly spent.

CHECK NEEDED

"All I want," said Mr. Louw, "is a check on the expenditure. We naturally have confidence in our Ministers, but human nature being what it is, we naturally want a safeguard as well. If we cut out the Treasury then the Auditor-General should have the right to ask the responsible Minister how the money was expended. The question of secrecy does not arise because you are dealing with a Government department and not the public, and I take it that the Controller and Auditor-General should be asked upon not to disclose that information. He is a Government department."